

# Richmond Optimus Capital Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Richmond Optimus Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at (804) 370-2299 or by email at: [bob@richcta.com](mailto:bob@richcta.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Richmond Optimus Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Richmond Optimus Capital Management, LLC's CRD number is: 168168*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Richmond Optimus Capital Management, LLC has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore there are no material changes to report.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Richmond Optimus Capital Management, LLC is a Limited Liability Company organized in the state of Delaware. The firm was formed in June of 2013, and the principal owners are Robert G Marcellus, Steve H. Hanke, and Ryan Guttridge.

### **B. Types of Advisory Services**

Richmond Optimus Capital Management, LLC (hereinafter “ROCM”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

ROCM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. ROCM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

ROCM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Performance-based Fees***

Qualified investors may be charged performance fees based on net profits.

#### ***Services Limited to Specific Types of Investments***

ROCM generally limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, hedge funds, REITs, private placements, and government securities. ROCM may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

ROCM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent ROCM from properly servicing the client account, or if the restrictions would require ROCM to deviate from its standard suite of services, ROCM reserves the right to end the relationship.

#### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. ROCM does not participate in any wrap fee programs.

#### **E. Amounts Under Management**

ROCM is a newly formed investment advisory firm, as such; there are currently no assets under management.

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
All Assets Under Management	1.75%

These fees are negotiable depending upon the needs of the client and complexity of the situation and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization or may be invoiced and billed directly to the client and clients may select the method in which they are billed. Fees are paid daily monthly quarterly in arrears. ROCM uses the last day of previous quarter for purposes of determining the market value of the assets upon which the advisory fee is based.

Because fees are charged in arrears, no refund policy is necessary. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with thirty days' written notice.

#### *Performance-based Fees*

Qualified investors are charged an asset based management fee of 1.75% on all assets under management and a performance-based fee of 20% of net profits above a high water mark. The high water mark will be highest value of the client's account on the last day of any previous quarter. Performance-based fees are paid quarterly in arrears. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with one day written notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the contract up to and including the day of termination.

### B. Payment of Fees

#### *Payment of Investment Supervisory Fees*

Advisory fees are withdrawn directly from the client's accounts with client written authorization or may be invoiced and billed directly to the client and clients may select the method in which they are billed. Fees are paid quarterly in arrears.



### ***Payment of Performance-based Fees***

Performance-based fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in arrears.

#### **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by ROCM. Please see Item 12 of this brochure regarding broker/custodian.

#### **D. Prepayment of Fees**

ROCM collects its fees in arrears. It does not collect fees in advance.

#### **E. Outside Compensation For the Sale of Securities to Clients**

Neither ROCM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

Qualified investors are charged an asset based management fee of 1.75% on all assets under management and a performance-based fee of 20% of net profits above a high water mark. The high water mark will be highest value of the client's account on the last day of any previous quarter. Performance based fees are paid quarterly in arrears. Clients may terminate the contract without penalty, for full refund, within five business days of signing the contract. Thereafter, clients may terminate the contract with one day written notice. Clients must pay the prorated performance-based fees for the billing period in which they terminate the contract up to and including the day of termination.

ROCM manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because ROCM or its supervised persons have an incentive to favor accounts for which ROCM and its supervised persons receive a performance-based fee. ROCM addresses the conflicts by ensuring that clients who have performance-based accounts do not receive preferential treatment. ROCM provides best execution practices and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisors have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## Item 7: Types of Clients

ROCM generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Banks and Thrift Institutions
- ❖ Pooled Investment Vehicles
- ❖ Pension and Profit Sharing Plans
- ❖ State or municipal government entities
- ❖ Other Investment Advisers
- ❖ Sovereign Wealth Funds/Family Office

### *Minimum Account Size*

There is no account minimum.

## Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

ROCM's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. ROCM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

ROCM uses long term trading, short term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading, short sales, margin transactions, and options writing generally hold greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

ROCM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin transactions, and options writing generally hold greater risk of capital loss and clients should be aware that there is a material risk of loss using any of those strategies. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy).

**Hedge Funds** are not suitable for all investors and involve a high degree of risk due to several factors that may contribute to above average gains or significant losses. Such factors include leveraging or other speculative investment practices, commodity trading, complex tax structures, a lack of transparency in the underlying investments, and generally the absence of a secondary market.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Private placements** carry a substantial risk as they are largely unregulated offerings not subject to securities laws.

**Precious Metal ETFs** (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation.

**Short sales** risks include the upward trend of the market and the infinite possibility of loss.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral.

**Options writing** involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither ROCM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Robert G Marcellus and Steve Hanke are members of Richmond Optimus LLC, which is registered with the National Futures Association and the Commodity Futures Trading Commission in the USA. ROCM is not affiliated with Richmond Optimus LLC. Any conflict of interest will always be recorded. ROCM always acts in the best interest of the client.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Robert G Marcellus is a Chief Executive Officer of Richmond Optimus LLC. From time to time, he will offer clients advice or products from those activities. Richmond Optimus Capital Management, LLC always acts in the best interest of the client. Clients are in no way required to implement the plan through any representative of Richmond Optimus Capital Management, LLC in such individual's outside capacities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

ROCM does not utilize nor select other advisers or third party managers. All assets are managed by ROCM management.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

ROCM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

ROCM does not recommend that clients buy or sell any security in which a related person to ROCM or ROCM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of ROCM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of ROCM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ROCM will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of ROCM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of ROCM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. ROCM will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The custodian will be chosen based on their relatively low transaction fees and access to mutual funds and ETFs. ROCM will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

#### ***1. Research and Other Soft-Dollar Benefits***

ROCM receives research, products, or other services from its broker/dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that ROCM must meet in order to receive free research from the custodian or broker/dealer. There is no incentive for ROCM to direct clients to this particular broker-dealer over other broker-dealers who offer the same services. However, because this firm does not have to produce or pay for services or products it has an incentive to choose a custodian that provides those services based on its interests rather than the clients' interests. The first consideration when recommending broker/dealers to clients is best execution. ROCM always acts in the best interest of the client.

#### ***2. Brokerage for Client Referrals***

ROCM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

ROCM will allow clients to direct brokerage; however, ROCM may recommend custodians. ROCM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients money because without the ability to direct brokerage ROCM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

ROCM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing ROCM the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by Robert G Marcellus and Ryan Guttridge, Managing Members. Robert G Marcellus and Ryan Guttridge are the chief advisors and are instructed to review clients' accounts with regard to clients' respective investment policies and risk tolerance levels. All accounts at ROCM are assigned to these reviewers.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least monthly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

ROCM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to ROCM clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

ROCM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.



## **Item 15: Custody**

ROCM, with client written authority, has limited custody of client's assets through direct fee deduction of ROCM's fees only. If the client chooses to be billed directly by the Custodian, ROCM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

For those client accounts where ROCM will have investment discretion, the client has given ROCM written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides ROCM discretionary authority via a discretionary investment management clause in the Investment Advisory Contract and/or a limited power of attorney clause in the contract between the client and the custodian.

## **Item 17: Voting Client Securities (Proxy Voting)**

ROCM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

ROCM does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither ROCM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

ROCM has not been the subject of a bankruptcy petition in the last ten years.